Public Service Labour Relations Board

Performance Report

For the period ending March 31, 2007

The Honourable Josée Verner
Minister of Canadian Heritage, Status of Women and Official Languages

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SECTION I: OVERVIEW

Message from the Chairperson

I am pleased to present the annual performance report of the Public Service Labour Relations Board (the Board), for the period ending March 31, 2007.

Established under the *Public Service Labour Relations Act (PSLRA)*, the Board is an independent quasi-judicial tribunal responsible for administering the collective bargaining and grievance adjudication systems in the federal public service and Parliament. In providing services in its three mandate areas—adjudication, mediation and compensation analysis and research—the Board assists some 230 000 federal employees, 24 employers and 22 bargaining agents in their labour relations.

Over the last several years, the Board has witnessed and reported on a significant annual increase in the number of new cases referred to adjudication, which has resulted in a large backlog of cases being carried forward to the following year. The year under review was the first in which the number of new cases received by the Board did not rise dramatically, although the total number of active cases—new and existing cases combined—did increase by 4%. I am pleased to report, however, that the Board was able to close 44% of its total caseload in 2006-2007 and carry forward 22% fewer cases than last year.

The Board undertook a number of initiatives in 2006-2007 to address the backlog and bring its caseload to a more manageable level. This includes actively promoting mediation as an alternative to formal hearings, employing new case management tools, and making more use of pre-hearing conferences in an effort to streamline and expedite the processing of cases. It must be recognized, however, that some factors outside the Board's control offset these efforts and protract its proceedings. A reduced complement of full-time and part-time members available to hear cases due to Board vacancies, the growing incidence of complex and challenging cases, and the ongoing resource limitations faced by bargaining agents and employers all hinder to some extent our ability to dispose of cases expeditiously.

As the newly appointed Chairperson of the Board, I met with employers and bargaining agents in early 2007 to explore ways of working together to reduce the number of matters that come before the Board. I welcome their willingness to develop collective solutions and look forward to future collaboration.

With the enactment of the *PSLRA* in April 2005, the Board was given an expanded mandate that now includes providing compensation analysis and research services. It was anticipated that the Board would begin to deliver compensation data at the end of 2006-2007. However, considerable work had to be done first to lay a solid groundwork for the new service: consulting the parties on the compensation information they require, negotiating partnership agreements, recruiting staff and resolving methodological issues. These efforts have put the Board in a good position to deliver three compensation comparability studies in 2007-2008, in time for new rounds of collective bargaining.

Good progress has also been made in enhancing the Board's infrastructure and management framework. A multi-year project to redesign the case management system is now well under way; it will help deal with a higher volume of increasingly complex cases and the need to do more detailed reporting as well as give employees more efficient, up-to-date and integrated tools for managing cases. Other accomplishments included putting in place a business continuity planning program, developing policies and procedures to protect IT security, documenting internal processes to support corporate memory during times of staff transition and implementing a new learning policy that supports the training and development of employees.

Fundamental to the effective and efficient delivery of the Board's mandate is an adequate and stable resource base. While the Board has gained additional responsibilities under the *PSLRA*, it has not been given a permanent commitment of increased financial resources to carry these out. I am concerned about the time, energy and human resources that have been expended over the past few years to submit repeated requests for the funds essential to conducting our work, given that the necessity for and disposition of these funds are not in question. I hope to see the matter resolved this year by the incorporation of these supplementary amounts into the Board's core funding, thus rendering them permanent.

Finally, I would like to take this opportunity to thank Board members, managers and employees of the Board for their continued dedication to our mission: promoting harmonious labour relations in the federal public service and Parliament in the interest of all Canadians.

Casper M. Bloom, Q.C., Ad. E.
Chairperson
Public Service Labour Relations Board

Management Representation Statement

I submit for tabling in Parliament, the 2006-2007 Departmental Performance Report for the Public Service Labour Relations Board.

This document has been prepared based on the reporting principles contained in *Guide for the Preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the PSLRB's Strategic Outcome and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Casper M. Bloom, Q.C., Ad. E.
Chairperson
Public Service Labour Relations Board

Summary Information

Raison d'être

The Public Service Labour Relations Board (the Board) is a quasi-judicial tribunal mandated by the *Public Service Labour Relations Act* (*PSLRA*) to administer the collective bargaining and grievance adjudication systems in the Public Service of Canada. The Board also administers the *Parliamentary Employment Staff Relations Act*, which covers labour relations in the House of Commons, the Senate, the Library of Parliament and the Office of the Conflict of Interest and Ethics Commissioner.

Under the *PSLRA*, the Board has a three-pronged mandate, which consists of (1) hearing and deciding grievances, complaints and labour relations matters; (2) providing mediation services to help parties reach collective agreements, manage their relations under collective agreements, and resolve disputes without resort to a hearing; and (3) conducting analysis and research on compensation for comparable work in labour markets outside the federal public service for use by parties when negotiating collective agreements.

By carrying out its mandate, the Board seeks to achieve the strategic outcome of harmonious labour relations in the federal public service and in Parliament, which provides significant benefits to Canadians. Effective relations between public servants and their employers represent a cornerstone of good human resource management and contribute to minimizing the possibility of labour unrest that can lead to disruption in the delivery of government programs. Collaborative efforts between the parties involved—through communication and sustained dialogue—improve the ability of the public service to serve and protect the interests of Canadians.

Financial Resources

2006-2007 ($ thousands)		
Planned Spending	**Total Authorities**	**Actual Spending**
$17,924	$18,173	$10,377

Human Resources

2006-2007		
Planned	**Actual**	**Difference**
90	85	5

Note: Please see Financial Overview for an explanation of the difference between planned spending and actual spending.

Board Priorities

Name	Type	Assessment of Progress Towards Priorities
1. Deliver compensation data	Previously committed	Important progress was made to further strengthen the Board's capacity to conduct compensation analysis and research. The Board recruited researchers and experts in the fields of job evaluation and compensation. It has been working closely with Statistics Canada in order to benefit from its expertise in identifying and resolving methodological and process issues related to conducting a survey of compensation on a national scale. Three compensation comparability studies have been selected with the date for delivering compensation data slated for 2007-2008, in time for new rounds of collective bargaining.
2. Manage backlog	Previously committed	The Board's backlog of cases has decreased mainly due to the withdrawal of 860 grievance cases by one bargaining agent after an issue was resolved through collective bargaining. The overall number of new cases received by the Board has stabilized. On March 31, 2007, 3292 cases were carried over to the next fiscal year. This number represents 56% of the total caseload for the year under review and is 22% less than the previous year.
3. Improve infrastructure	Ongoing	The Board's infrastructure has been improved through work on a multi-year project to redesign the case management system, the establishment of a business continuity planning program, the development of policies and procedures to protect IT security and the documentation of internal processes to support corporate memory.
4. Continue to enhance management framework	Ongoing	The Board's management framework has been enhanced through the initiation of human resources plans for each division and the implementation of a Board-wide learning policy. Further work on human resource planning will be undertaken in 2007-2008.

Strategic Outcome: Harmonious labour relations in the federal public and parliamentary services.

Program Activity: Administration of the collective bargaining and grievance adjudication systems in the federal public and parliamentary services, including mediation and compensation analysis and research.

Priority	Expected results	Performance status	Planned spending	Actual spending
			2006-2007 ($ thousands)	
Deliver compensation data	Deliver limited compensation data	Partially met	6,330	586[1]
Manage backlog	Bring caseload to more manageable level	Partially met	–	–
Improve infrastructure	Business continuity plan developed, work underway to redesign case management system, policies and procedures developed to protect IT security and internal processes documented	Successfully met	625	559
Continue to enhance management framework	Human resources plans developed for each division and learning policy implemented	Partially met	25	–[2]

1. See Financial Overview for an explanation of the difference between planned spending and actual spending.
2. The $25,000 planned for human resources consulting services was not spent; the work was performed within the Board.

Overall Board Performance

Operating environment and context

The Public Service Labour Relations Board (the Board) has been operating for two fiscal years within the context of a new public service labour relations regime. On April 1, 2005, the new *Public Service Labour Relations Act (PSLRA)* came into force, replacing the *Public Service Staff Relations Act*, which had existed since collective bargaining was introduced into the federal public service in 1967.

The *PSLRA* was introduced as part of a larger set of reforms to human resource management in the federal public service. The new Act was specifically intended to foster more collaborative labour relations in support of healthy and productive public service workplaces. It recognizes that the relationship between labour and management benefits significantly from more dialogue and less confrontation between the parties. It introduced some significant changes to the conduct of public service labour relations, including the establishment by departments and agencies of labour-management consultation committees and informal conflict management systems.

The *PSLRA* covers some 230 000 federal public servants who belong to 86 bargaining units represented by 22 bargaining agents and who work for 24 different employers in the Public Service of Canada. Treasury Board, which is the employer of the core public administration, is by far the largest of these, employing 163 821 employees in federal government departments and agencies. The remainder—66 255 public service employees—work for one of 23 other employers.

Employees of the federal public service deliver a vast range of programs and services to Canadians. More effective relationships between labour and management can prevent work disruptions and disputes that result in delays, interruptions, or deterioration in the quality of programs and services Canadians rely on. An environment that promotes increased collaboration between employers and employees can improve the ability of the public service to serve and protect the public interest.

With the enactment of the *PSLRA*, the Board has an expanded mandate, which includes the delivery of compensation analysis and research services, enhanced mediation and conflict resolution services, an increased adjudication function and revamped collective bargaining processes. At the same time, the Board continues to provide many of the same services as the former Public Service Staff Relations Board and to build on its accomplishments and the solid body of jurisprudence it generated.

The Board's expanded mandate has introduced certain complexities to its administration. Among other things, the new mandate has introduced pre-hearing conferences, new requirements for managerial and confidential exclusion orders and multiple types of grievances (individual, group and policy), each with different reporting requirements. Board members sitting as adjudicators may also consider human rights issues and the Canadian Human Rights Commission must, in those cases, be added as an entity that may make submissions to the Board.

Additional human and financial resources have been needed to carry out the Board's new mandate. In particular, the requirement to deliver compensation analysis and research services has necessitated the establishment of a new division within the Board with new staff. A key risk faced by the Board is the failure to secure a permanent increase to its funding base to cover all its new statutory functions.

Also, given that the new Board continues to deal with matters filed with the former Board, employees have been managing cases filed under two legislative regimes at the same time for the last two fiscal years.

The Board relies on Board members to adjudicate cases and render decisions. Ongoing delays in appointing individuals to fill Board vacancies diminish its ability to

function expeditiously. Cases can only be heard and decided by full- and part-time Board members, thus a reduced complement of members lowers the number of cases that can go to hearing.

Many factors outside of the Board's control affect the time it takes to close a case file. For example, more complex cases generally require more time. When employers and bargaining agents experience reduced capacity due to staff vacancies and resource cutbacks, requests for postponements increase, which introduce delays in the processing of cases.

Another challenge facing the Board is the growing number of cases involving individuals who are representing themselves. Most individuals who file grievances or complaints with the Board are represented by their bargaining agents. However, individuals may represent themselves when a grievance relates to termination, demotion or discipline resulting in financial penalty. While those cases still constitute a small proportion of the total number of cases filed every year, they require more time and have a disproportionate impact on the Board's resources. This is largely because most self-represented individuals are not familiar with the Board's legislation and regulations and need guidance and information from Board employees in the filing and processing of their cases.

Priorities

The main ongoing priority of the Public Service Labour Relations Board is to carry out its statutory mandate as a quasi-judicial tribunal charged with administering the collective bargaining and grievance adjudication systems in the Public Service of Canada, including providing mediation services and compensation analysis and research. It is in this context that the Board selects the priority areas it wishes to focus on from year to year. In 2006-2007, these priority areas included:

1) Deliver compensation data
2) Manage the backlog of cases
3) Improve infrastructure
4) Continue to enhance management framework

1) Deliver compensation data

In 2005-2006, the Board established a division to carry out compensation analysis and research as mandated by the new *PSLRA*. Its purpose is to enable the Board to provide impartial, accurate and timely information on comparative rates of pay, employee earnings, conditions of employment, and benefits in the public and private sectors. This compensation information, obtained through market-based surveys, is for the use of employers and bargaining agents that participate in the collective bargaining process in the federal public service and is also available to other interested parties.

Compensation is a key issue for both employers and employees at the bargaining table. Negotiations can proceed more smoothly when both sides have equal access to accurate and comprehensive compensation information provided by a neutral and authoritative third party. When parties begin negotiations by agreeing to use the Board's compensation survey data as a reference point, they can focus their time

and effort more efficiently on negotiating rates of pay and other benefits that will be acceptable to all.

It was anticipated that the division would begin to deliver compensation data at the end of 2006-2007. To do so, the division first needed to consult the parties on their compensation information requirements, negotiate cooperative or partnership agreements with provincial governments, staff positions, establish contractual arrangements with suppliers and implement the appropriate technology to manage the data. Considerable work was done in all these areas in the year under review. In light of the varied interests and needs identified by the parties and the various tools required to accommodate these, it was decided to proceed with three separate group-specific compensation comparability studies to produce data for the 2007-2008 round of collective bargaining and to pilot different survey processes and methodological approaches.

The process of selecting the studies began in early 2006, when the Board asked employers and bargaining agents under the *PSLRA* and the *Parliamentary Employment and Staff Relations Act (PESRA)* to identify the type of compensation information they required for their upcoming negotiations. Nearly half of the 50 parties contacted proposed one or more research projects that could be undertaken to meet their compensation data requirements.

The Board selected the studies based on criteria that included the opportunity to pilot various methodologies, the scope of the survey or research project, the interests of all parties involved, the timelines within which the data was required, and the resources and capacity of the Board to engage in these projects.

Once the three studies had been chosen, discussions were initiated with the parties involved about the framework and parameters to be used to conduct them. These included selecting the occupations and comparators to be included in the surveys and determining the compensation elements to be measured, such as wages and/or benefits and working conditions.

In 2006-2007, the Board also focused on strengthening its capacity to conduct compensation analysis and research. A great deal of effort was devoted to recruiting researchers and experts in the fields of job evaluation and compensation to join its core team. This team is supported by external service providers that are engaged as required to develop survey tools and conduct survey field work.

This organizational model envisions the contracting out of major survey development and activities and will enable the Board to maintain a strong internal capacity to oversee survey development and to guarantee the quality of survey processes and results. It gives the Board the added flexibility of being able to conduct small group-specific pay surveys or ad hoc surveys on specific benefits and working conditions. As well, it will permit the Board to carry out socio-economic and other research to support its survey activities.

The Board has also been working closely with Statistics Canada to benefit from its expertise in identifying and resolving methodological and process issues related to conducting a survey of compensation on a national scale. Dissemination of a preliminary set of survey results is planned for 2009-2010.

2) Manage the backlog of cases

The expeditious handling of cases before the Board in accordance with the rules of natural justice and fairness is key to carrying out its statutory mandate and maintaining its credibility.

Statistics on cases

One of the Board's priorities in 2006-2007 was to bring its caseload to a more manageable level. The number of all cases carried over to the next fiscal year (grievances, complaints and applications) was 3292. This represents 56% of the total caseload and is 22% less than the previous year. A large part of this reduction can be attributed to the withdrawal of 860 grievance cases by one bargaining agent after an issue was resolved through collective bargaining.

The total number of cases before the Board—both new and carried over from previous years—continues to increase. In 2006-2007, the total volume of open cases stood at 5928. This represents a 4% increase over 2005-2006, a 35% increase over 2004-2005 and a 48% increase over 2003-2004.

Grievances referred for adjudication make up the largest number of proceedings before the Board, and in 2006-2007 accounted for 88% of the Board's total active caseload. The types of grievances that can be referred to the Board result from disputes about the application or interpretation of collective agreements or arbitral awards or from major disciplinary action resulting in termination, demotion, suspension or financial penalty, and from termination or demotion as a result of unsatisfactory performance.

At the end of 2006-2007, the Board's caseload of active grievances stood at 5211. This was 4% more than in 2005-2006, 22% more than in 2004-2005, 68% more than in 2003-2004 and 169% more than in 2002-2003. The substantial increase in new cases received over the past several years has created a backlog for the Board. Every year, there has been an increase in the number of grievance cases carried forward to the next fiscal year, up until 2006-2007. At March 31, 2007, the Board carried over 2992 active grievance cases to 2007-2008, representing 24% fewer cases than the year before.

The Board closed 2219 grievance cases in 2006–2007, or 43% of all grievance cases. Cases are closed when they are settled by the parties, withdrawn by a party, or disposed of by way of a decision or order of the Board or an adjudicator of the Board. A decision or order can close more than one case. The vast majority of cases closed in 2006-2007 were settled or withdrawn by the parties involved.

Cases can be carried over to the next fiscal year for a variety of reasons. Cases carried over include those that were heard in the fiscal year and were awaiting a decision at year-end, cases that were scheduled for hearing in the next fiscal year and cases that were held in abeyance at the request of the parties pending discussions or other decisions from the Board, other tribunals or courts.

The challenge

At the same time as the volume of active cases has been increasing from year to year, many employer groups and bargaining agents have been experiencing reductions in the resources available to deal with them. This has led to an increased number of requests to the Board to postpone cases, which contributes to the Board's case backlog.

It is important to note that there are a number of factors that make the Board's caseload appear larger than it actually is. Under the former Act, there was no formal provision for group grievances as it currently exists under the new Act. Instead, employees who shared a common concern might have submitted many separate references to adjudication on the same subject at the same time.

On occasion, bargaining agents have also used this approach as part of a collective bargaining campaign to press for solutions to common problems experienced by their members. On occasion, these campaigns have resulted in a large volume of similar grievances being referred over a very short period of time, such as several hundred in the course of one week.

In practice, the Board has normally consolidated these grievances for purposes of adjudication. Alternatively, an adjudicated outcome in a representative case might be used by the parties to resolve other references on the same subject. In still other instances, groups of cases have been withdrawn without formal Board intervention once the matter has been resolved in another setting.

The Board also frequently receives multiple references to adjudication from a single grievor, either at the same time or sequentially. In most situations where it is possible, Board mediators and adjudicators address these files together in one proceeding. Often, multiple files reveal related problems in the workplace that can best be solved through an integrated approach.

Finally, some files come to the Board when a party needs to comply with collective agreement or statutory time limits in order to protect its rights. A number of those cases are subsequently withdrawn when the parties themselves resolve the matter voluntarily prior to Board involvement.

Given these types of situations, the Board's true caseload at any time is composed of a subset of the number of files formally referred to it—a subset that is not always easy to quantify with certainty.

The Board's approach

When the Board receives a reference to adjudication, a complaint or another application, it gives priority to exploring options for resolving the matter voluntarily through mediation. Board mediators and Board members acting as mediators have established a strong record of success in helping the parties find solutions to their problems without the need for more formal hearings and decisions.

The Board's mediation services also include preventive mediation, which is aimed at resolving disputes even before an application is filed. This can help reduce the number of cases before the Board.

In 2006-2007, the Board provided mediation services in 279 cases. This includes 223 cases in which a grievance or complaint had been filed and 56 cases of preventive mediation. Parties were successful in resolving 89% (247) of those cases with the assistance of Board-appointed mediators.

The Board took action in 2006-2007 to deal with a steep rise in the number of requests from parties on both sides to postpone hearings at the last minute, either because of eleventh-hour settlement discussions or because witnesses were suddenly unavailable. To address this, the Board notified the parties that requests for postponement would be more closely scrutinized in the future and could be refused. The Board is also encouraging the parties to propose alternate cases that can be substituted into the time slots of cases that are unable to proceed.

The Board has also introduced new case management practices to keep active files to a manageable number. When new references and complaints are filed, they go through a thorough screening to identify any trends that would permit the Board to administratively group matters to be heard together or at least to track them under one common element.

In addition, the Board is making greater use of the new provisions in the Act that provide for pre-hearing conferences. These have proven to be effective in clarifying issues prior to the start of a hearing, and, in some cases, they eliminate the need for an in-person hearing altogether. Pre-hearing conferences still present a challenge for the parties, who have to find time not just for the formal hearing, but also for these conferences. The Board may also use alternate modes such as teleconferences to hold hearings as well.

For a number of years, the Board has offered expedited adjudication to parties who want to save time and resources. This allows certain grievances to be dealt with without resorting to a full hearing process. In the expedited process, the parties normally file an agreed statement of facts and no witnesses are heard. In 2006-2007, 21 cases filed with the Board requested the expedited adjudication process. The nine expedited adjudication hearings held during the year resulted in decisions affecting 20 cases from previous years.

In 2006-2007, the Board's Chairperson held a number of meetings with the parties in an attempt to discuss strategies to reduce the number of new cases submitted to the Board. The Board has opted to try to reduce the number of cases on intake as well as set targets for backlog reductions.

The Board's workload has grown significantly over the last five fiscal years without a concomitant increase in its permanent funding. Ever since the *Public Service Modernization Act* received Royal Assent in 2003, the Board has been requesting a reference level adjustment that would allow it to adopt more aggressive measures to deal with the backlog of cases. However, as we have stated in previous reports, the Board has only been allocated annual budget adjustments, for which it must re-apply each year, hence requiring time, energy and human resources in the submission of repeated requests for the funds essential to conducting the Board's statutory mandate.

Ongoing delays in appointing individuals to fill Board vacancies have also affected the organization's ability to function expeditiously. Since cases can only be heard and

decided by full- and part-time Board members, a partial complement of members reduces the number of cases that can go to hearing.

3) Improve infrastructure

In the area of infrastructure improvement, the Board focused on continuing to implement a multi-year project to redesign its case management system, putting in place a business continuity plan, developing policies and procedures to protect IT security, and documenting internal processes to support corporate memory during times of staff transition.

In 2005-2006, the Board launched a project to revamp its case management application environment to respond to the pressures of a higher volume of increasingly complex cases, to facilitate more detailed reporting, to give employees more efficient, up-to-date and integrated tools for managing cases, and to conform to government information technology standards. The new case management system will allow the Board to manage case information electronically from initial intake to the distribution and posting of the decision.

In 2006-2007, project work focused on analyzing business processes, available technology and systems used by organizations with similar processes, as well as on introducing some electronic features that facilitate the processing of case files. More specifically, an electronic case file locator was introduced to facilitate the transfer and tracking of files by Board employees. This involved affixing bar codes to all case files, providing bar code scanners to employees and creating a simple electronic tracking system linked to the Board's electronic records management system. An electronic "bring forward" module was also introduced, which has increased the efficiency of registry operations and records management services. The project team also studied the Board's requirements for imaging, which entails the transformation of paper files to electronic files through scanning.

Business continuity planning is vital to ensuring the continued delivery of the Board's mission-critical services when faced with crises or emergencies. In accordance with the Treasury Board Secretariat's policy and standards, the Board developed and launched the implementation of a detailed business continuity program. The program is based on the results of a threat and risk assessment and business impact analysis and includes an internal policy on business continuity planning, a crisis response plan, business continuity response strategies and a pandemic response plan.

The Board has experienced some delays in implementing one key element of its recovery plan, which consists of simultaneous mirroring of data on a remote server. This would allow the Board, in the event of an emergency situation interrupting the operations of the main server, to access its critical systems through the remote server, with little manual intervention. Ongoing power issues being encountered by the remote data centre maintained by Public Works and Government Services Canada have resulted in delays in implementing this critical element.

In 2006-2007, the Board implemented new internal policies and procedures to protect the security of its information technology resources in compliance with the Treasury Board Secretariat's security standards. These standards provide a framework for the security of information technology that is coordinated and uniform throughout the federal government. Policies developed during the year under review

cover areas such as the use of the electronic network, and the security of network accounts.

Another achievement in 2006-2007 was the documentation of key processes unique to the Board in order to support corporate memory and facilitate transitions during employee turnover.

4) Continue to enhance our management framework

The Board implemented a new learning policy in 2006-2007 that supports the development of individual multi-year learning plans for employees. These plans will allow individuals to continuously update their knowledge base in order to meet the evolving challenges of their positions and prepare for possible advancement opportunities. The Board also organized in-house training sessions on conflict management and the requirements of Access to Information and Privacy legislation.

The effective management of human resources requires good human resource planning. In 2006-2007, the development of human resource plans was initiated for each division. Work was undertaken to identify operational requirements and organizational needs and reflect them in the Board's planning documents. This work will be continued in 2007-2008.

For a number of years now, the Board has instituted a culture for internal audit and has made it a practice to commit ongoing and sufficient resources to this function. The Board produces a multi-year audit plan addressing the areas of highest risk and significance. When developing this plan, the Board takes into consideration the topics that are scheduled to be covered by government-wide audits to avoid duplication of efforts.

The Board took part in the first horizontal audit of small departments and agencies (SDA) conducted by the Office of the Comptroller General that looked at travel and hospitality expenditures. As of March 31, 2007, results of this audit had not yet been communicated to the SDA community. The Board also retained the services of an independent consultant to inspect the workplace occupied by the Board in order to identify any workplace safety risks or concerns to occupants and visitors. No major concerns were raised.

The planned development in 2006-2007 of an integrated, comprehensive code of conduct for Board employees was postponed in light of the impending coming into force of the new *Public Servants Disclosure Protection Act,* which took place April 15, 2007 and its requirement for a new Public Sector Code of Conduct. The Board seeks to ensure its code is consistent with these documents covering the wider public service. The Board will participate in consultation sessions on the main elements of the new Public Sector Code of Conduct to be held in early 2007-2008.

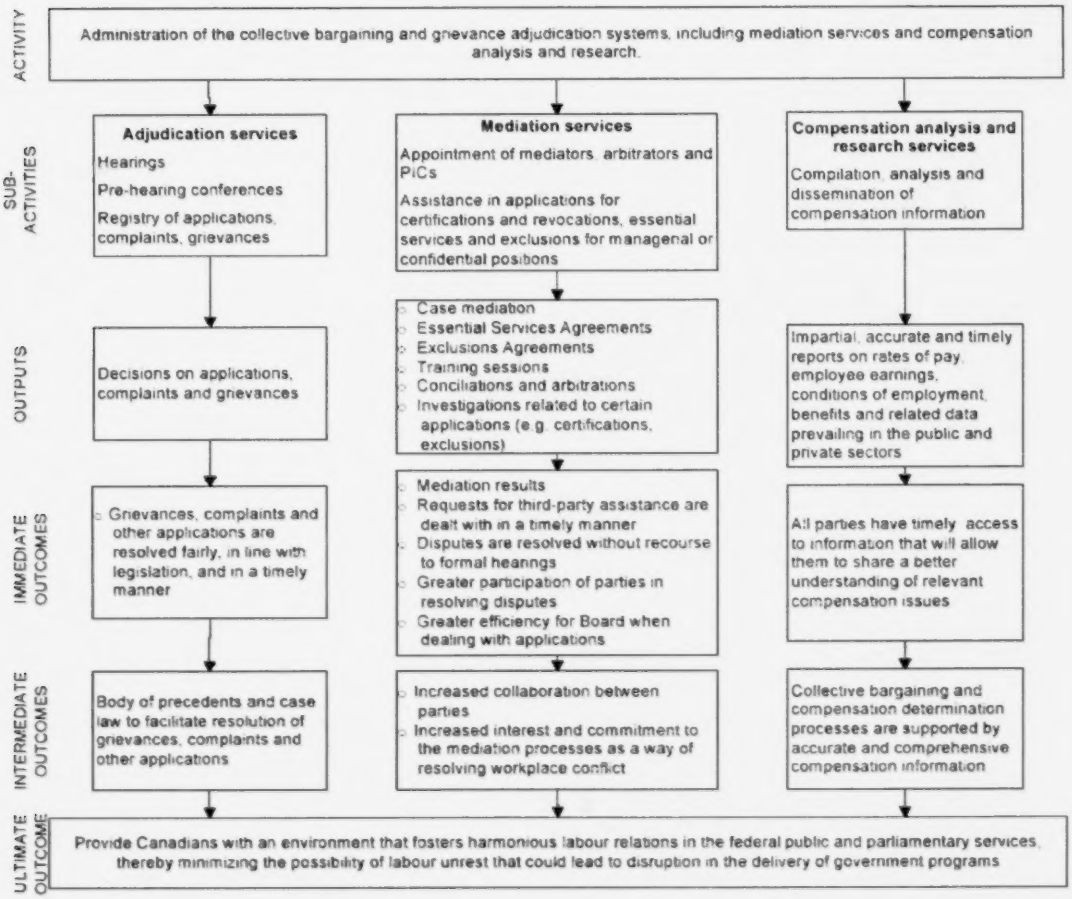
The Board also continues to assess opportunities for alternative service delivery, such as partnerships with other independent tribunals in the delivery of specific corporate services. As active members of a number of networks in the SDA community, the Board is keeping abreast of opportunities for such partnerships. For example, the Public Service Agency of Canada is now allocating resources to help the SDA community address some of its key human resources concerns, which the Board hopes will bear fruit in the future.

Link to the Government of Canada Outcome Areas

As a federal quasi-judicial tribunal operating in the area of labour relations, the Public Service Labour Relations Board is aligned to the "Government Affairs" Outcome area as set out in the government of Canada's "whole of government framework." By promoting harmonious labour relations in the public service and in Parliament and providing neutral third-party processes to employers, bargaining agents and employees for the resolution of workplace disputes, the Board contributes to the smooth operation of the Government of Canada.

SECTION II: ANALYSIS BY STRATEGIC OUTCOME

The program activity of the Board is to administer the collective bargaining and grievance adjudication systems in the federal public and parliamentary service, including providing mediation services and compensation analysis and research services. This activity is carried out in support of the strategic outcome to foster harmonious labour relations in the federal public service and to reduce the potential for labour unrest and disruption in the delivery of programs to Canadians.


ACTIVITY
Administration of the collective bargaining and grievance adjudication systems, including mediation services and compensation analysis and research.
SUB-ACTIVITIES
Adjudication services
Hearings
Pre-hearing conferences
Registry of applications, complaints, grievances
Mediation services
Appointment of mediators, arbitrators and PICs
Assistance in applications for certifications and revocations, essential services and exclusions for managerial or confidential positions
Compensation analysis and research services
Compilation, analysis and dissemination of compensation information
OUTPUTS
Decisions on applications, complaints and grievances
Case mediation
Essential Services Agreements
Exclusions Agreements
Training sessions
Conciliations and arbitrations
Investigations related to certain applications (e.g. certifications, exclusions)
Impartial, accurate and timely reports on rates of pay, employee earnings, conditions of employment, benefits and related data prevailing in the public and private sectors
IMMEDIATE OUTCOMES
Grievances, complaints and other applications are resolved fairly, in line with legislation, and in a timely manner
Mediation results
Requests for third-party assistance are dealt with in a timely manner
Disputes are resolved without recourse to formal hearings
Greater participation of parties in resolving disputes
Greater efficiency for Board when dealing with applications
All parties have timely access to information that will allow them to share a better understanding of relevant compensation issues
INTERMEDIATE OUTCOMES
Body of precedents and case law to facilitate resolution of grievances, complaints and other applications
Increased collaboration between parties
Increased interest and commitment to the mediation processes as a way of resolving workplace conflict
Collective bargaining and compensation determination processes are supported by accurate and comprehensive compensation information
ULTIMATE OUTCOME
Provide Canadians with an environment that fosters harmonious labour relations in the federal public and parliamentary services, thereby minimizing the possibility of labour unrest that could lead to disruption in the delivery of government programs

In 2006-2007, the Board developed a performance measurement framework, which includes clear and measurable expected results for its main program activity and performance indicators for each expected result.

The satisfaction of the Board's clients (employers, bargaining agents and other users), the timeliness of its processes, the quality of its decisions and the success of

its mediation services will continue to be key indicators used to measure performance. Indicators will also be introduced related to the compensation information that is collected, analyzed and disseminated to the parties, as well as to the Board's internal services.

The Board is currently collecting data on some of these indicators but intends to begin collecting data on many more in 2007-2008. Once the new case management system has been implemented, full data collection will be initiated. Key sources of data in addition to the case management system include statistics on cases submitted for judicial review, the Board's client satisfaction survey, which is administered every three years and allows for the tracking of trends over time, and other formal and informal consultations that are undertaken with clients to obtain regular feedback. A survey of client satisfaction will be conducted in 2007-2008.

The resulting performance information will be used to support decision making and will be reported in future departmental performance reports.

Adjudication services

The Board and adjudicators of the Board hear and determine grievances, complaints and labour relations matters brought before them under the *PSLRA*. These cases are diverse and wide-ranging, and include:

Grievances (individual, group or policy)
- interpretation of collective agreements and arbitral awards;
- disciplinary action resulting in termination, demotion, suspension or financial penalty;
- demotion or termination for unsatisfactory performance or for any other non-disciplinary reasons; and
- deployment without an employee's consent.

Complaints
- unfair labour practices; and
- reprisal actions taken for raising an issue under Part II of the *Canada Labour Code*.

Applications
- certification and revocation of certification;
- determination of successor rights;
- determination of managerial or confidential positions;
- determination of essential services agreements;
- review of prior Board decisions; and
- requests for extensions of time to present grievances or to refer grievances to adjudication.

The Board strives to resolve these cases fairly, in line with legislation and in a timely manner. In doing so, the Board seeks to create a body of precedents and case law that will facilitate the resolution of future cases.

Appendix A provides statistical information on all adjudication cases before the Board in 2006-2007.

In 2006-2007, the Board issued 262 decisions or orders with respect to cases: grievance adjudication—94; determination of management and confidential positions—149; complaints of unfair labour practices—12; complaints under the *Canada Labour Code*—1; certifications—2; determination of successor rights—1; review of Board decisions—1; and requests for extension of time to file—2. A decision or order can affect more than one case.

The decisions of the Board and its adjudicators are subject to judicial review by the Federal Court of Appeal and the Federal Court. A significant factor in determining the quality of the decisions rendered by the Board is the extent to which they are set aside on judicial review. Appendix B provides a synopsis of the judicial review of Board decisions over the past five fiscal years under the *PSLRA,* the former *PSSRA,* and the *PESRA*. As the table shows, 12% of the Board's decisions (84) have been referred to the Federal Court on judicial review since April 1, 2002 and 1% (10) have been overturned by the court. The Board's decisions are posted on its website at www.pslrb-crtfp.gc.ca and are made available through QuickLaw (QL), an electronic legal database, as well as other publishers such as CanLII, Carswell, Canada Law Book, Qualisult and Lancaster House.

Mediation services

The *PSLRA* emphasizes the importance of developing and sustaining constructive approaches to resolving workplace conflicts by all parties. The Board promotes innovative approaches to resolving workplace conflicts as the preferred alternative to the more formal rights-based approaches.

Under the *PSLRA*, the Chairperson may appoint a mediator to:

- assist parties with collective bargaining, both in the negotiation and renewal of collective agreements, and with the management of relations resulting from the implementation of collective agreements
- mediate in relation to grievances, complaints and other proceedings
- assist the Chairperson in discharging his or her other responsibilities under the Act.

Collective bargaining

Under the *PSLRA*, there are two methods of resolving collective bargaining disputes—conciliation and binding arbitration. Upon certification, the bargaining agent must choose one of these methods for each bargaining unit it represents. The method may be changed before each round of bargaining. Regardless of the method chosen, the employer or the bargaining agent may request third-party assistance from the Board. In 2006–2007, the Board was called upon seven times to provide the services of a mediator to assist parties in the negotiation of their collective agreements.

Conciliation gives employees the right to strike under certain prescribed conditions, and is therefore often referred to as the "conciliation/strike route." The new Act introduced a new process for helping parties settle their collective agreements—the Public Interest Commission (PIC). These non-permanent bodies consist of one or three persons who are appointed by the Minister on the recommendation of the Chairperson of the Board to assist the parties by making recommendations for settlement. The recommendations are not binding on the parties. In 2006–2007,

there were no requests for PICs, but some are expected with the new round of collective bargaining in 2007 and 2008.

For bargaining agents that have opted for arbitration as their dispute resolution process, when parties are unable to settle their collective agreements through negotiation, binding arbitration is undertaken. This culminates in an arbitral award (a decision) that is legally binding upon both parties and thus precludes any legal strike action. Arbitration boards are established by the Chairperson of the Board.

Twelve arbitration boards were established in 2006–2007, seven of which resulted in arbitral awards, including one award for a first-time collective agreement.

Appendix C provides statistical information on collective bargaining cases before the Board in 2006-2007.

Grievance and complaint mediation

The Board offers mediation in all grievance and complaint cases. Both parties must agree to mediation efforts, after which the Chairperson appoints a mediator who works with both parties and assists them in resolving their dispute and thus avoid the formal adjudication hearing. Terms of settlement accepted by both parties are documented.

The volume of mediation cases has increased in recent years along with the increase in grievances and complaints and is expected to continue to rise. In 2006-2007, 1115 new cases were received for mediation and 1650 were carried over from the previous year, for a total of 2765 cases. In 557 cases mediation was refused by the parties.

In 2006-2007, the Board provided mediation services in 279 cases. This includes 223 cases in which a grievance or complaint had been filed and 56 cases of preventive mediation. Preventive mediation is aimed at resolving disputes even before an application is filed. Parties were successful in resolving 89% (247) of those cases with the assistance of Board-appointed mediators.

Other services

The Board's mediation services also facilitate discussions between parties within specific departments and agencies often in the context of labour-management consultation committees; conduct strategic interventions through which broad issues likely to generate disputes are discussed; and assist in investigating cases involving applications for certification, the determination of membership on a specific date, and successor rights.

Board mediators also facilitate discussions regarding the determination of positions/employees who are to provide essential services in case of a strike (employees holding these positions are not eligible to strike).

In 2006-2007, the Board provided 14 sessions on interest-based negotiation and mediation. To date, nearly 2500 people have attended this training through the Board's national training program, which was established in 2000-2001. The two-and-a-half-day interactive session enables participants to acquire basic interest-

based negotiation and mediation skills that can be used to resolve disputes in the workplace. Participants are generally representatives of bargaining agents and employers and sessions are often joint, which increases their relevance and practicality.

Compensation Analysis and Research Services

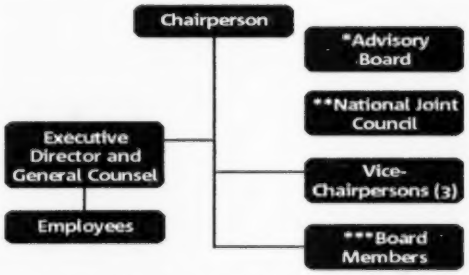
Please refer to "Overall Board Performance" in Section I for a discussion of the performance of the Board's compensation analysis and research division.

SECTION III: SUPPLEMENTARY INFORMATION

Organizational Information

As a quasi-judicial statutory tribunal, the Board is independent of the government of the day. It is responsible to Parliament through a designated minister who is not a member of the Treasury Board. The designated minister is currently the Minister of Canadian Heritage, Status of Women and Official Languages.

The designated minister is responsible under the *PSLRA* for tabling the Board's Annual Report before Parliament each year and for signing documents required under the *Financial Administration Act*. The minister is also the line of communication with the Governor in Council for the purposes of making appointments to the Board.



* Section 53(1) of the *PSLRA* provides for the establishment of an advisory board responsible for providing advice to the Chairperson with respect to compensation analysis and research services.

** The PSLRB has no direct involvement in the operations of the National Joint Council.

*** The number of Board members is determined by the Governor in Council. Members may be appointed on a full-time or part-time basis.

Other statutory responsibilities

Under an agreement with the Yukon government, the Board also administers the collective bargaining and grievance adjudication systems required by the Yukon *Education Labour Relations Act* and the Yukon *Public Service Labour Relations Act*. When performing those functions funded by the Yukon government, the Board acts as the Yukon Teachers Labour Relations Board and the Yukon Public Service Labour Relations Board, respectively.

As required by the *PSLRA*, the Board provides physical and administrative support services to the National Joint Council (NJC), an independent consultative body of employer and employee representatives. The NJC exists to facilitate consultation on, and the co-development of, policies and terms of employment that do not lend themselves to unit-by-unit bargaining. The Board houses the NJC but plays no direct role in its operation.

Providing corporate services

Under a three-year Memorandum of Agreement that started in 2005-2006, the Board provides the Public Service Staffing Tribunal with corporate services in the area of information technology, finance, compensation and library services.

Members of the Public Service Labour Relations Board

The members of the Board are responsible for administering the *PSLRA* by conducting hearings throughout Canada and rendering decisions. They are appointed by the Governor in Council for terms of no longer than five years. They may be re-appointed any number of times.

The Board is made up of the Chairperson, up to three Vice-Chairpersons and additional full- and part-time members as required. The Chairperson, Vice-Chairpersons and full-time Board members meet monthly to discuss questions of general interest to the operations of the Board and to determine matters related to policy.

Management of the Board

Under the Board's governance structure, the Chairperson is the Board's Chief Executive Officer and has overall responsibility for managing the Board. Each Vice-Chairperson has been delegated functional responsibility for one of the three components of the Board's mandate—adjudication, mediation, and compensation analysis and research.

The Executive Committee is responsible for managing the resources allocated to the Board and for providing strategic direction and oversight to the management of the Board. It is composed of the Chairperson, the three Vice-Chairpersons, the Executive Director of the Board, and the directors of Registry Operations and Policy, Dispute Resolution Services, Compensation Analysis and Research, Corporate Services and Finance.

The Executive Director and General Counsel of the Board assists the Chairperson in the exercise of his functions and, subject to his direction, directs and supervises the day-to-day operations of the Board, the management of the Board's internal affairs, and the work of persons employed by the Board.

The Board has put in place key elements to ensure good governance, management and accountability.These include an annual strategic plan that takes into account operational priorities, resources, key risks faced by the organization and expectations of key stakeholders, along with a Management Resources and Results Structure that supports well-defined and long-term program activity, a Results-based Management and Accountability Framework and a risk-based internal audit plan. The organization regularly updates these plans and monitors and reports its progress in achieving goals set out in them.

Departmental links to Government of Canada outcome areas

As a federal quasi-judicial tribunal operating in the area of labour relations, the Public Service Labour Relations Board is aligned to the "Government Affairs" Outcome area as set out in the government of Canada's "whole of government framework." The strategic outcome and program activity of the Board contribute to the smooth operation of the Government of Canada.

Financial Overview

The Board projected $17.924 million in expenditures in its 2006-2007 Report on Plans and Priorities based upon the following funding:

- $6.601 million from its ongoing operational budget;
- $5.7 million from incremental sunsetting funding for activities related to its expanded mandate (frozen allotment – not released);
- $5.165 million from incremental sunsetting funding for compensation surveys and studies;
- $458 thousand from incremental sunsetting funding for the National Joint Council.

The Board did not spend all of the funds allocated to it in the 2006-2007 budget and reprofiled an amount of $4.7 million to fiscal year 2007-2008 to ensure adequate funding to continue with its developmental work in the area of compensation surveys. Although the Board realized important progress to further strengthen its capacity to conduct compensation analysis and research, it did not deliver compensation data at the end of 2006-2007, as originally anticipated. It first needed to consult the parties on their compensation information requirements, negotiate cooperative or partnership agreements with provincial governments, staff positions, establish contractual arrangements with suppliers and implement the appropriate technology to manage the data. Considerable work was done in all these areas in the year under review but it did not incur the anticipated expenditures, hence resulting in lapsed appropriations in the Board's operating budget. Lower than anticipated expenditures in the project to redesign the case management system and delays in staffing actions also contributed to the lapsed appropriations. It is important to note that the Board's total authorities include $1.1 million for National Joint Council activities.

Financial Tables

This section provides a summary of the Board's financial performance. The tables included in this section show a comparison of four amounts: Main Estimates, Planned Spending, Total Authorities, and Actual. "Main Estimates" is the amount included in the Government's 2006-2007 Main Estimates. "Planned Spending" is the amount included in the Board's 2006-2007 Report on Plans and Priorities and indicates amounts planned at the beginning of the year. "Total Authorities" include Main, Supplementary, and other Estimate amounts approved by Parliament and the Treasury Board Secretariat. "Actual" shows what was actually spent.

The following financial tables apply to the Public Service Labour Relations Board:

1. Comparison of Planned to Actual Spending
2. Voted and Statutory Items
3. Services Received Without Charge
4. Travel Policies

Table 1: Comparison of Planned to Actual Spending (thousands of dollars)

This table offers a comparison of the Main Estimates, Planned Spending, Total Authorities, and Actual Spending for 2006-2007. It also provides historical figures for Actual Spending.

			2006-2007			
	2004-2005 Actual	2005-2006 Actual	Main Estimates	Planned Spending	Total Authorities	Actual
Public Service Labour Relations Board	8,956.9	9,549.2	17,924.0	17,924.0	18,173.0	10,407.3
Less: Non-respendable revenue	—	(0.1)	—	—	—	(30.5)
Plus: Cost of services received without charge	2,110.1	2,165.0	—	2,267.0	2,376.2	2,376.2
Net cost of the Board	**11,067.0**	**11,714.1**	**17,924.0**	**20,191.0**	**20,549.2**	**12,753.0**
Full-time Equivalents	**65**	**79**	**90**	**90**	**90**	**85**

Table 2: Voted and Statutory Items (thousands of dollars)

This table explains the way Parliament votes resources to the Board, including voted appropriations and statutory authorities.

Vote or Statutory Item		2006-2007			
		Main Estimates	Planned Spending	Total Authorities	Actual
100	Program expenditures	17,073.0	17,073.0	17,179.0	9,382.8
(S)	Contribution to Employee Benefit Plan	851.0	851.0	993.5	993.5
(S)	Crown Assets Surplus	—	—	0.5	0.5
	Total for the Board	**17,924.0**	**17,924.0**	**18,173.0**	**10,376.8**

Note: Planned Spending is the amount included in the Board's 2006-07 Reports on Plans and Priorities and indicates amounts planned at the beginning of the year.

Table 3: Services Received Without Charge (thousands of dollars)

This table shows the services received without charge by the Board.

	2006-2007
Accommodation provided by Public Works and Government Services Canada	1,940.6
Contributions covering employers' share of employees' insurance premiums and expenditures paid by Treasury Board of Canada	435.6
Total 2006-2007 Services received without charge	**2,376.2**

Table 4: Travel Policies

The Board follows the Treasury Board Secretariat (TBS) Travel Directive, Rates and Allowances, and the TBS *Special Travel Authorities*, with restrictions on the amount that can be claimed by Governor-in-Council (GIC) appointees for meals and accommodations.

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Financial Statements

These Financial Statements are prepared in accordance with accrual accounting principles. The unaudited supplementary information presented in the financial tables of this report is prepared on a modified cash basis of accounting in order to be consistent with appropriations-based reporting. Note 3 of the financial statements reconciles these two accounting methods.

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2007, and all information contained in this report rests with Board management. These statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector, using management's best estimates and judgments where appropriate and gives due consideration to materiality.

Management is responsible for the integrity and objectivity of the information in these financial statements. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the department's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Board's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, Board policies and statutory requirements, within Parliamentary authorities and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Board.

The financial statements of the Board have not been audited.

Casper Bloom
Chairperson

Pierre Hamel
Senior Financial Officer

Statement of Operations (unaudited)
For the year ended March 31, 2007

(in dollars)

	2007	2006
OPERATING EXPENSES		
Salaries and employee benefits	7,632,167	7,236,384
Accommodation	1,940,601	1,711,274
Professional and special services	1,446,666	1,232,290
Transportation and telecommunications	576,643	604,352
Communication	322,834	98,879
Rentals	274,847	277,743
Acquisition of machinery and equipment	253,510	314,462
Utilities, materials and supplies	177,317	208,687
Amortization of tangible capital assets	124,434	93,598
Repairs and maintenance	23,230	136,688
Other operating expenses	617	168
Total Expenses	12,772,864	11,914,526
REVENUES		
Miscellaneous revenues	30,549	82
Total Revenues	30,549	82
Net Cost of Operations	**12,742,315**	**11,914,444**

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position (unaudited)
At March 31, 2007

(in dollars)

	2007	2006
ASSETS		
Financial assets		
Receivables from other federal government departments and agencies	104,660	406,887
Advances	1,000	1,000
Total financial assets	**105,660**	**407,887**
Non-financial assets		
Tangible Capital Assets (Note 4)	290,882	225,473
Total non-financial assets	**290,882**	**225,473**
TOTAL	**396,542**	**633,360**
LIABILITIES		
Accounts payable and accrued liabilities		
Federal government departments and agencies	239,539	7,331
Others	1,043,457	749,560
Vacation pay and compensatory leave	279,489	259,830
Employee severance benefits (Note 5)	1,287,119	1,205,824
	2,849,604	**2,222,545**
EQUITY OF CANADA	**(2,453,062)**	**(1,589,185)**
TOTAL	**396,542**	**633,360**

Contingent liabilities (note 2(h))

The accompanying notes form an integral part of these financial statements.

Statement of Equity of Canada (unaudited)
For the year ended March 31, 2007

(in dollars)

	2007	2006
Equity of Canada, beginning of year	(1,589,185)	(2,088,820)
Net cost of operations	(12,742,315)	(11,914,444)
Current year appropriations used (Note 3)	10,376,817	9,549,246
Change in net position in the Consolidated Revenue Fund (Note 3)	(828,332)	701,068
Revenue not available for spending	(30,549)	(82)
Refund of previous year expenditures	(15,674)	(1,123)
Services provided without charge by other government departments (Note 6)	2,376,175	2,164,970
Equity of Canada, end of year	**(2,453,062)**	**(1,589,185)**

The accompanying notes form an integral part of these financial statements.

Due to rounding, figures may not add to totals shown.

Statement of Cash Flow (unaudited)
For the year ended March 31, 2007

(in dollars)

	2007	2006
Operating Activities		
Net Cost of Operations	12,742,315	11,914,444
Non-cash items:		
Amortization of tangible capital assets	(124,434)	(93,598)
Services provided without charge by other government departments (Note 6)	(2,376,175)	(2,164,970)
Variations in Statement of Financial position:		
Increase (decrease) in accounts receivable and advances	(302,227)	208,032
(Increase) decrease in liabilities	(627,059)	299,154
Cash used by operating activities	9,312,420	10,163,062
Capital Investment Activities		
Acquisitions of tangible capital assets	189,842	86,047
Cash used by capital investment activities	189,842	86,047
Financing Activities		
Net cash provided by Government of Canada	**(9,502,262)**	**(10,249,109)**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements (unaudited)
Year ended March 31, 2007

1. Authority and Objectives

The mandate of the Public Service Labour Relations Board (the Board), established in 2005 by the enactment of *Public Service Labour Relations Act* and successor to the former Public Service Staff Relations Board established in 1967, is to effectively and efficiently administer the systems of collective bargaining and grievance adjudication established under the *Public Service Labour Relations Act* and the *Parliamentary Employment and Staff Relations Act*, as well as certain provisions of Part II of the *Canada Labour Code* concerning occupational safety and health applicable to employees in the Public Service. The Board also administers the Yukon *Public Service Labour Relations Act* and the Yukon *Education Labour Relations Act*.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriation – The Board is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Board do not parallel financial reporting according to Canadian generally accepted accounting principles. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(b) Net cash provided by Government – The Board operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Board is deposited to the CRF and all cash disbursements made by the Board are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by the department. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

(d) Revenues – Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) Expenses – Expenses are recorded on the accrual basis:

i. Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
ii. Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The Board's contributions to the Plan are charged to expenses in the year incurred and represent the total obligation to the Plan. Current legislation does not require the Board to make contributions for any actuarial deficiencies of the Plan.
ii. Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Receivables recorded by the Board are from other government departments. Recovery is considered certain and a provision has not been made.

(h) Contingent liabilities – In the normal course of its operations, the Board may become involved in various legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements. The Board has no contingent liabilities as at March 31, 2007.

(i) Tangible capital assets – All tangible capital assets plus leasehold improvements having an initial cost of $3,000 or more are recorded at their acquisition cost. The Board does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections. Amortization of capital assets is done on a straight-line basis over the estimated useful life of the tangible capital asset as follows:

Asset Class	Amortization Period
Furniture and equipment	5 years
Informatics hardware and software	3 years

(j) Foreign currency transactions – Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates in effect on March 31. Gains and losses resulting from foreign currency transactions are included in the statement of operations.

(k) Measurement uncertainty – The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

Notes to the Financial Statements (unaudited)
Year ended March 31, 2007

3. Parliamentary Appropriations

The Board receives its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Board has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year appropriations used: (in dollars)

	2007	2006
Net cost of operations	**12,742,315**	**11,914,444**
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
Services provided without charge	(2,376,175)	(2,164,970)
Increase in employee severance benefit liability	(81,295)	(171,842)
Amortization of tangible assets	(124,434)	(93,598)
Revenue not available for spending	30,549	82
Increase in vacation pay and compensatory leave liability	(19,659)	(22,040)
Refunds of prior years' expenditures	15,674	1,123
	10,186,975	9,463,199
Adjustments for items not affecting net cost of operations but affecting appropriations		
Add (Less):		
Acquisitions of tangible capital assets	189,842	86,047
Current year appropriations used	**10,376,817**	**9,549,246**

(b) Appropriations provided and used (in dollars)

	2007	2006
Vote 100 — Operating expenditures	17,073,000	9,269,000
Transfer from Treasury Board - Vote 15	106,000	-
Contributions to employee benefit plan	993,528	998,975
Disposal of surplus of Crown assets	472	142
Less:		
Appropriations available for future years	-	(67)
Lapsed appropriations: Operating	(7,796,183)	(718,804)
Current year appropriations used	**10,376,817**	**9,549,246**

(c) **Reconciliation of net cash provided by Government to current year appropriations used: (in dollars)**

	2007	2006
Net cash provided by Government	**9,502,262**	**10,249,109**
Revenue not available for spending	30,549	82
Refunds of prior years' expenditures	15,674	1,123
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable and advances	302,227	(208,032)
Variation in accounts payable and accrued liabilities	526,105	(493,036)
	828,332	(701,068)
Current year appropriations used	**10,376,817**	**9,549,246**

4. Tangible Capital Assets (in dollars)

	Cost			Accumulated amortization			2007	2006
Capital asset class	**Opening balance**	**Acquis-itions**	**Closing Balance**	**Opening balance**	**Amorti-zation**	**Closing balance**	**Net book value**	**Net book value**
Informatics Hardware and Software	895,978	189,842	1,085,820	684,203	118,682	802,885	282,935	211,774
Furniture and equipment	84,605	–	84,605	70,906	5,752	76,658	7,947	13,699
Total	**980,583**	**189,842**	**1,170,425**	**755,109**	**124,434**	**879,543**	**290,882**	**225,473**

5. Employee benefits

(a) Pension benefits: The Board's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Board contribute to the cost of the Plan. The 2006-07 expense amounts to $279,091 ($240,665 in 2005-06), which represents approximately 2.2 times (2.6 times in 2005-06) the contributions by employees.

The Board's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits: The Board provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

Employee benefits (in dollars)	2007	2006
Accrued benefit obligation, beginning of year	1,205,824	1,033,982
Expense for the year	279,091	240,665
Benefits paid during the year	(197,796)	(68,823)
Accrued benefit obligation, end of year	1,287,119	1,205,824

6. Related party transactions

The Board is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Board enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Board received services which were obtained without charge from other Government departments as presented in part (a).

(a) Services provided without charge:

During the year the Board received without charge from other departments, accommodation, legal fees and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Board's Statement of Operations as follows:

Services provided without charge (in dollars)	2007	2006
Accommodation	1,940,601	1,711,274
Treasury Board's contribution to the health and dental insurance plans	435,574	447,669
Legal services		6,027
Total	2,376,175	2,164,970

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the Board's Statement of Operations.

APPENDIX A: ADJUDICATION SERVICES

		Carried over	Rec'd in 2006-07	Total	Closed in 2006-07 (includes cases settled, withdrawn and decided)	Carried forward to 2007-08[1]	Decisions/ Orders[2]
Grievances		3960	1251	5211	2219	2992	94
Complaints							
▪	Unfair labour practices	76	50	126	37	89	12
▪	*Canada Labour Code* cases	25	5	30	12	18	1
Applications							
▪	Certifications	9	2	11	11	0	2
▪	Revocations of certification	0	3	3	0	3	0
▪	Determination of successor rights	1	0	1	1	0	1
▪	Determination of management and confidential positions	133	273	406	342	64	149
▪	Designation of essential positions	6	1	7	7	0	0
▪	Review of Board decisions	2	1	3	1	2	1
▪	Requests for extension of time	22	107	129	6	123	2
▪	Other (including filing Board's orders)	1	0	1	0	1	0
Total Cases		4235	1693	5928	2636	3292	262

Notes:

1. Cases can be carried over for a variety of reasons. They may be cases that were heard and were awaiting decisions at year-end, were scheduled for hearing, or were held in abeyance at the request of the parties pending discussions or other decisions from the Board, other tribunals or courts.
2. Decisions and orders may affect more than one case.

APPENDIX B: SYNOPSIS OF APPLICATIONS FOR JUDICIAL REVIEW OF DECISIONS

April 1, 2002, to March 31, 2007

	Decisions rendered[1]	Number of applications	Applications withdrawn	Applications dismissed	Applications allowed	Applications pending[2]	Appeals of applications pending[3]
YEAR 1 (April 1, 2002, to March 31, 2003)	101	10	2	4	4	0	0
YEAR 2 (April 1, 2003, to March 31, 2004)	108	14	5	7	1	1	0
YEAR 3 (April 1, 2004, to March 31, 2005)	189	19	4	10	5	0	0
YEAR 4 (April 1, 2005, to March 31, 2006)	173	16	4	10	0	2	0
YEAR 5 (April 1, 2006, to March 31, 2007)	116	25	6	1	0	18	0
TOTAL	**687**	**84**	**21**	**32**	**10**	**21**	**0**

1. Decisions rendered do not include cases dealt with under the expedited adjudication process and Managerial Exclusion Orders issued by the Board upon consent of the parties.
2. Applications that have yet to be dealt with by the Federal Court. Does not include appeals pending before the Federal Court of Appeal or the Supreme Court of Canada.
3. Results of appeals disposed of have been integrated into statistics in this table.

Note: The figures for the last four fiscal years are not final, as not all the judicial review applications filed in those years have made their way through the Court system.

APPENDIX C: COLLECTIVE BARGAINING CASES

April 1, 2006, to March 31, 2007

Arbitration Boards		
	Carried over from previous year	3
	Received in 2006-2007	9
	Total cases	12
	Settlements	1
	Arbitral awards	7
	Carried forward to 2007-2008	4
Requests for Mediator		
	Carried over from previous year	2
	Received in 2006-2007	5
	Total cases	7
	Settlements	4
	Mediators' reports	2
	Carried forward to 2007-2008	1
Conciliation Boards / Public Interest Commissions		
	Carried over from previous year	2
	Received in 2006-2007	0
	Total cases	2
	Settlements	2
	Conciliation board reports	0
	Carried forward to 2007-2008	0

APPENDIX D: OTHER INFORMATION

Statutes and Regulations Administered by the Public Service Labour Relations Board

- *Public Service Labour Relations Act*, S.C. 2003, c. 22, s. 2
- *Public Service Labour Relations Board Regulations*, SOR/2005-79
- *Public Service Staff Relations Act*, R.S.C. 1985, c. P-35 (repealed as of March 31, 2005)
- *P.S.S.R.B. Regulations and Rules of Procedure*, 1993, SOR/93-348 (repealed as of March 31, 2005)
- *Parliamentary Employment and Staff Relations Act*, R.S.C. 1985, c. 33 (2d Supp.), as amended.
- *P.E.S.R.A. Regulations and Rules of Procedure*, SOR/86-1140, as amended.
- Sections 133 and 145 of Part II of the *Canada Labour Code*, R.S.C. 1985, c. L-2
- *Education Labour Relations Act*, (Yukon), R.S.Y. 2002, c. 62 (amended by SY 2004, c.8)
- *Yukon Teachers Staff Relations Board Regulations and Rules of Procedure*, O.I.C. 1992/95
- *Public Service Labour Relations Act*, (Yukon), R.S.Y. 2002, c. 185 (amended by SY 2004, c.8)
- *YPSSRB Regulations and Rules of Procedure*, C.O. 1970/226

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